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IN THE

Supreme Court of the United States

OCTOBER TERM, 1965

No. 154

SERVO CORPORATION OF AMERICA,
Petitioner,

vs.

GENERAL ELECTRIC COMPANY,
Respondent.

PETITION FOR REHEARING ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

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Statement

This petition for rehearing in this Court is made after the finding by a Special Master, who extensively considered the record facts, over a period of eight months, that the patent, U. S. Patent No. 2,880,309, "stands aloof unanticipated by the prior art", "has the characteristics of a 'pioneer' patent" and, "constituted a major breakthrough in its field".

The petition is made after the District Court, confirming the Master, held (A37):

> "The best answer to G. E.'s defense of obviousness is the cold fact that notwithstanding the great need for a successful hot box detector by

> the railway industry and notwithstanding the constant quest for a solution to the problem, it was not until Servo located the proper viewing position that the device became a practical answer. The problem of locating the detector at a point which would view the most favorable spot of the journal box on a moving car under changing conditions, taking into consideration other factors of heat, light and atmosphere obtaining, was a difficult problem to solve, and as before stated, Servo was *the first to come up with a working answer*. The Court does not feel that finding this answer was as simple as defendant urges, or that it possessed the obviousness referred to and described in the Patent Act, which would defeat it. (35 U.S.C. 103)"

It is also made after several revisitations to Judge Bell's opinion in the Court of Appeals, where, if this Court refers to the Petition for Rehearing in the Court of Appeals (A80-A95),* it is plain that the judicial analysis and rationale was strikingly subjective and quite remote from this Court's fundamental observations in the *Graham* and *Calmar* cases (Nos. 11 and 37, decided February 21, 1966) where it stated (34 LW 4119, 4121):

> "Manifestly, the validity of each of these patents turns on the facts".

and,

> "The Hotchkiss formulation, however, lies not in any label, but in its functional approach to questions of patentability."

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* Servo Corp's. Petition for Rehearing is printed in full in pp. 90-142 of Vol. XIII of the certified transcript of record.

On the facts as found by the Master and the Trial Court, we can find no reasonable, just or explainable basis for the result reached in Judge Bell's opinion in this case, and the contrary result reached in the *Adams* case.

We are cognizant that this Court cannot review individually every patent case brought before it but where the petition for rehearing in the Court of Appeals was held a record three and a half months and the Petition for Certiorari in this Court was held ten months, it is at least apparent that the questions presented are not easily resolved.

When these factors are considered, together with the fact that the Department of Commerce expressed a strong interest in the review of the question of invention in this case and with the fact that it presents a challenge of no small skill to distinguish this case from the *Adams* case on the basis of the facts as found by the nisi prius tribunals below,* it would seem that simple homespun justice would at least suggest that the issue be remanded to the Fourth Circuit Court of Appeals for consideration in the light of the *Adams* and *Calmar* opinions.

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* A matter which we have asked the Court of Appeals for the Fourth Circuit to attempt. There has never been an explanation for the rejection of the facts as found below.

Question Presented

The question presented by this Petition for Rehearing is:

1. Whether, while this Court still has jurisdiction, this case should be remanded to the Court of Appeals for the Fourth Circuit to consider the facts in the light of the opinions of this Court in the *Adams* and *Calmar* cases, because:

(a) The Fourth Circuit Court of Appeals applied the shopworn or "label" test which this Court has now rejected as an incorrect test, namely, that "no new or unique combination of old ideas producing or performing a different or additional function has resulted";*

(b) The Fourth Circuit Court of Appeals, before this Court's decision in the *Calmar* and *Adams* cases, simply and incongruously held** (A5 App. to Pet. for Cert.):

> "This answer is not contingent upon resolving conflicting testimony, since the basic facts are

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* 337 F.2d 716, 719. Cf. *Graham* v. *Deere*, (U. S. 1966) 34 L.W. 4119.

** The Petition for Certiorari flatly states, and this Petition for Rehearing reaffirms that:

> "As we believe we overwhelmingly demonstrated in the Petition for Rehearing the statements of fact in the Court of Appeals' opinion are directly contrary to the specific evidentiary findings of both the master and the district court, and to the substantial weight of the evidence. This is patently apparent from an examination of the Petition for Rehearing and, as objectively as we are capable of considering it, we cannot comprehend the Court of Appeals'

not seriously in dispute. We simply hold that the standard of invention as applied by the master and the district court is not up to the legal standard required by the governing statute, 35 U.S.C.A. 103. See *Great Atlantic & Pacific Tea Co.* v. *Supermarket Equipment Corp.*, 340 U.S. 147, 153 (1950)."; and

(c) The Department of Commerce, charged with the administration of the Patent Laws, the administration of which was specifically noted by this Court in the *Calmar* case, has expressed its administrative interest in the review of this case, implicit in which is the solicitation of this Court's resolution of a question of law relating to combination patents *viz.* the impact of a new element in the combination, which element plainly and uniquely brought to life the first successful and widely adopted commercial device.*

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statement that "the basic facts are not seriously in dispute." Sharp proof of the dispute, which was resolved by the triers of fact in favor of petitioner, is the fact that G. E. filed 200 separate objections to the Master's Report, more than a hundred of which were directed to the findings of fact relating to the invention of the '309 patent, contending that the master was incorrect on the facts." (Petition for Certionari, pp. 21-22)

* P. 25, Petition for Certiorari: "The invention of the patent in suit was the only such device to utilize, as a new element, the environment of the target itself, the underside of the car in conjunction with an orientation of the device which constantly exposed it upward towards the sky. As the inventor noted: "It is virtually impossible to achieve the results we are obtaining unless the bottom of the car is used as a reference to which journal temperature is compared. Therefore the orientation [which at the same time avoided other heat sources on the train] is the key to the entire system". As the master found:

"This was the discovery of the fact that using the tools at hand a device could be made and so oriented as to success-

Comparative Facts Adams and Servo

A comparison of the facts as stated by this Court in the *Adams* case and of the facts as they substantially exist in the record in the *Servo* case demonstrates, at least *prima facie,* based upon the limited showing that can be made in this Petition, that the contrary results are incongruous. As a necessary corollary, the contrary result could be unjust. A re-examination by the Court of Appeals now is, we earnestly believe, strongly suggested.

Adams	*Servo*
I. "For several years prior to filing his application for the patent, Adams had worked in his home experimenting on the development of a wet battery. He found that when cuprous chloride and magnesium were used as electrodes in an electrolyte of either plain water or salt water that an improved battery resulted." (P. 4132)	I. "Those who sought to solve the hot box journal problem were faced with many perplexing difficulties. Aside from the selection, assembly and housing of the internal components of an apparatus designed to view journal boxes of passing trains, it was also necessary to take into consideration many factors * * *." (A52-Appendix to Petition for Cert.)

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fully scan and record only hot journal boxes, to the exclusion of all unwanted and disturbing signals and this could be done by taking advantage of the fact that the underside of the cars provided a uniform reference background."

This case is not wanting in the identification of a new or different element to constitute invention."

Adams

"Wood recognized that the difficulty with magnesium electrodes is their susceptibility to chemical corrosion * * *." (P. 4133)

Servo

"Cornelius A. Gallagher, one of the two inventors in the '309 or 'Orientation' patent, was on the stand for the greater part of some six days, during which time he was subjected to an extended and elaborate cross examination. I deem it fair to say that all who heard him were impressed with his candor and with the forthright manner in which he answered questions without equivocation.

". . . we were sitting down one day and I had the *Car Builders Cyclopedia* in front of me as we were reviewing the failures that my circuit had encountered on not being able to get a *true ambient reference* * * * it occurred to us that the car was always in the

Adams	*Servo*
	environment of the target and subjected to the same conditions, whether it be in winter or summer. * * * and it went rather rapidly from that point on to where we would consider looking in such a manner as to get at the bottom of the car for this referencing and still sweep the journal and miss the remainder of the hot sources." (A53-A54)
	"Prior to this, * * * Servo * * * had conducted many experiments * * *" (A54)
II. "Less than a month after filing for his patent, Adams brought his discovery to the attention of the Army and Navy. Arrangements were quickly made for demonstrations before the experts of the United States Army Signal Corps. The Signal	II. "The General Electric Company engineers who had worked on the problem for about 10 years, stated during the course of this work 'a serious problem—that of daylight operation—had not been met nor were we very sure of satisfactory solutions in this

Corps scientists who observed the demonstrations and who conducted further tests themselves did not believe the battery was workable. Almost a year later, in December 1942, Dr. George Vinal, an eminent government expert with the National Bureau of Standards, still expressed doubts. He felt that Adams was making 'unusually large claims' for 'high watt hour output per unit weight,' and he found 'far from convincing' the graphical data submitted by the inventor showing the battery's constant voltage and capacity characteristics. He recommended, 'Until the inventor can present more convincing data about the performance of his [battery] cell, I see

respect' and that prior work of a British G.E. affiliate 'avoided this most serious problem' by testing a device in a tunnel. They also stated that to locate a heat sensing device in such a manner as to avoid extraneous heat sources and observe only journal boxes, without shuttering, on a continuous basis would be a 'large order.' (P. 12, Petition for Cert.)

A memorandum of the Association of American Railroads dated March 15, 1957 states:

"* * * work on various devices * * * for the now defunct [A.A.R.] Committee on Hot-Box Alarm Devices had generally led to the conclusion that there was no no-

Adams	*Servo*
no reason to consider it further'." (P. 4133)	ticeable relationship between journal boxes and bearing temperaatures alone and that wind velocity and ambient temperatures would have a pronounced effect on any such relationship. "Furthermore, to be effective, the hot-box detector would have to have some automatic compensation for changes in ambient temperature. If the Servo Corporation detector contains such compensation, it is not evident from the description of the device." (P. 15, Petition for Cert.)
III. "However, in November 1943, at the height of the war, the Signal Corps concluded that the battery was feasible. The Government thereafter entered into contracts with various battery	III. "It is also clear from the record that General Electric ceased its activities in the hot box detector field near the close of the year 1955. At that time its experimental department reported

Adams

companies for its procurement. The battery was found adaptable to many uses. Indeed, by 1956 it was noted that 'there can be no doubt that the addition of water-activated batteries to the family of power sources has brought about developments which would otherwise have been technically or economically impossible.' See 10th Annual Battery Research and Development Conference, Signal Corps Engineering Laboratories, Fort Monmouth, N. J. 440 (1950). Also, see Finding No. 24, 330 F.2d., at 632.

"Surprisingly, the Government did not notify Adams of its changed views nor of the use to which it was putting his device, despite his re-

Servo

the infrared detection of hot journal boxes as feasible but involving some difficult problems in practical application. * * * On April 10, 1958, General Electric's engineers went to Salisbury, North Carolina, where they examined the Servo installation. Members of the party photographed the installation, brought back with them Southern's drawings of the installation, and examined a diagram of the installation made by Servo. From the report made the following day, it was clear that the party, had gained valuable information which reflected much, if not all, of Servo's engineering development and field experimentation." (337 F.2d 716, 723 (1964))

Adams	*Servo*
peated requests. In 1955, upon examination of a battery produced for the Government by the Burgess Company, he first learned of the Government's action. His request for compensation was denied in 1960, resulting in this suit." (P. 4133)	"General Electric learned that which it needed to know through Southern. . . ." 337 F.2d 716, 725 (1964).
IV. Compare this Court's analysis of the prior art in Adams, pp. 4133 and 4134 under Section IV of the opinion.	IV. Compare the Master's analysis of the prior art in detail at A64-A77 of Appendix to Petition for Certiorari.
V. The court below found, and the Government apparently admits, that the Adams battery "wholly unexpectedly" has shown "certain valuable advantages over other batteries" while those from whom it is claimed to have been copies were long ago discarded. (P. 4135)	V. "The Servo detector is also characterized in the statements of many railroads as "one of the most outstanding advances in railroading" (Reading RR, December, 1956, 1338a); as a "very forward step in attempting to solve a very difficult problem" (Motorola Communications and Electronics, Inc., April

Adams	*Servo*
	1957, 1339a); as representing "the newest method yet devised to help the railroads in their constant struggle to overcome the hotbox problem" (Boston & Maine Railroad, September-October, 1957, 1344a); as "One of the greatest aids to railroading in many, many years" (C & O 1958 Annual Report—PX-76); as "tremendously successful" and producing "solid achievement" (B & M, 1959, 1346a); as a "phenomenal success" (Interstate Commerce Commission — PX-527); and that it was a "pioneer" effort (AAR, 1080a). (P. 18, Pet. for Cert.)
VI. "the Adams invention was the first practical, water-activated, constant potential battery which could be fabricated and	VI. The short answer to this is that of the many experts, versed in the art, who tackled the problem, none solved it prior to Gal-

Adams

stored indefinitely without any fluid in its cells." (P. 4132)

Servo

lagher and Pelino. What, with a backward look, now seems obvious, then, with a forward look, remained elusive. A few even reached the conclusion that the task was almost impossible. * * * While G.E. insists otherwise, there was no real breakthrough or solution of the problem until Servo's Gallagher and Pelino collaborated. (A63, A52 App. to Pet. for Cert.)

Conclusion

The facts of this case strongly call for an examination by the Court of Appeals in the light of the *Adams* and *Calmar* cases. This is properly the function of the Court of Appeals, and accordingly, this petition most earnestly and respectfully requests this Court to consider a remand for this purpose.

March 31, 1966

Respectfully Submitted

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Certificate of Counsel

The foregoing Petition for Rehearing is believed to be meritorious, is presented in good faith and not for delay, and is restricted to grounds specified in Rule 58 of this Court.

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Certificate of Service

Copies of this Petition for Rehearing have been served on Respondents by mailing copies to Leonard G. Muse, Woods, Rogers, Muse & Walker, 105 Franklin Road, S.W., Roanoke, Virginia 24004, and to Charles H. Walker, Fish, Richardson & Neave, 277 Park Ave., New York, N. Y. 10017, this 31st day of March, 1966.

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